

EXHIBIT C

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE SOUTHERN DISTRICT OF WEST VIRGINIA
3 AT CHARLESTON

4
5 JESSICA A. STOLER,

6 Plaintiff,

7 v. CIVIL ACTION NO. 2:18-cv-0988

8 PENNYMAC LOAN SERVICES, LLC,

9 Defendant.

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15 The deposition of KAREN SCOTT, taken upon oral
16 examination, pursuant to notice and pursuant to the
17 Federal Rules of Civil Procedure, before Lisa M. Short,
18 Certified Court Reporter and Notary Public in and for
19 the State of West Virginia, Monday, August 5, 2019, at
20 1:31 p.m., at the offices of Goodwin & Goodwin, 300
21 Summers Street, Charleston, West Virginia.

22 JOHNNY JACKSON & ASSOCIATES, INC.

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EXAMINATION INDEX

KAREN SCOTT	Page
BY MR. POMPONIO	4
BY MR. CROWLEY	38
BY MR. POMPONIO	41

EXHIBIT INDEX

Exhibit	Page
1 Servicing Notes	12
2 Corporate Advance History	15
3 Correspondence Sent December 21st, 2017	19

1 KAREN SCOTT, DEPONENT, SWORN

2 EXAMINATION

3 BY MR. POMPONIO:

4 Q. Good afternoon. My name is Bren Pomponio, and
5 I represent Jessica Stoler in a case that was filed in
6 the, it's now pending in the Southern District of West
7 Virginia Federal Court, Stoler versus PennyMac Loan
8 Services, Civil Action 2:18-cv-00988.

9 Would you please state your name for the
10 record?

11 A. Karen Scott.

12 Q. Is that with a K?

13 A. Yes, it is.

14 Q. And, Ms. Scott, have you had your deposition
15 taken before?

16 A. Yes.

17 Q. So I will skip the formalities at the
18 beginning, ground rules. I will assume that you
19 understand those.

20 Are you taking any medications or having any
21 physical issues that would affect your testimony today?

22 A. No.

23 Q. Where do you live?

24 A. I personally live in Seminole, Florida.

1 Q. And where do you work?

2 A. PennyMac Loan Services.

3 Q. And what's your job title?

4 A. Supervisor foreclosure operations.

5 Q. How long have you been in that position?

6 A. A little over five years.

7 Q. And did you have a different position five
8 years before with PennyMac?

9 A. No, I've been with PennyMac a little over five
10 years.

11 Q. And what did you do before that?

12 A. Before that, I worked for a law office for a
13 period of time.

14 Q. What law office is that?

15 A. Ronald R. Wolfe & Associates.

16 Q. How do you spell Wolfe?

17 A. W-o-l-f-e.

18 Q. And where was that office located?

19 A. Tampa, Florida.

20 Q. And what was the time period in which you
21 worked for Wolfe & Associates?

22 A. I worked for them a little over a year. Their
23 office is closed now.

24 Q. Okay.

1 A. They merged with another firm.

2 Q. And so is that 2013-2014?

3 A. 2013 to 2014.

4 Q. And what did you do before that?

5 A. Before that?

6 Q. Yes, ma'am.

7 A. I was a contractor. I worked in the Bank of
8 America shops. I was a contractor for the independent
9 foreclosure review that the eight largest banks in the
10 country had to undergo. I was actually a contractor for
11 Bank of America, so I was not employed directly for
12 them.

13 Q. And how long did you do that?

14 A. The project lasted a little less than a year.

15 Q. Okay.

16 A. For Bank of America. The project, the
17 nationwide project lasted longer than that, but Bank of
18 America settled.

19 Q. What's your education background?

20 A. Some college.

21 Q. Where at?

22 A. St. Pete College in Florida.

23 Q. And what type of classes did you take there?

24 A. Mostly real estate law.

1 Q. And are you from the Tampa/St. Pete area
2 originally?

3 A. No, I am from Western Pennsylvania originally.

4 Q. Where in Western Pennsylvania?

5 A. North of Pittsburgh.

6 Q. What's the town?

7 A. Zelienople.

8 Q. Zelienople.

9 A. But that was many, many, many, many years ago.

10 Q. And before you worked for Bank of America, the
11 contracting for the foreclosure review for Bank of
12 America, what did you do?

13 A. I was also still in mortgage default, Quantum
14 Servicing in Tampa, Florida.

15 Q. How long did you do that?

16 A. Two and a half years.

17 Q. When did you first get into mortgage?

18 A. That might be the easier question. 1982.

19 Q. And who was that with?

20 A. Oh, my goodness. Fortune. They're no longer
21 in business, Fortune Mortgage.

22 Q. Have you seen the deposition notice that was
23 filed for which you're appearing today?

24 A. Yes, I did.

1 Q. And do you believe that you're a person with
2 sufficient knowledge to address the issues that were
3 identified in that deposition notice?

4 A. I do.

5 Q. Okay.

6 MR. CROWLEY: The only issue, this witness is
7 not being produced with regard to the financial status,
8 with that objection.

9 Q. Why don't you tell me what your job duties are
10 as supervisor of foreclosure operations.

11 A. I review loans that are in default. I review
12 them for accuracy in policy and procedures, make
13 recommendations for moving forward or not moving
14 forward. I appear in depositions, trials, hearings,
15 mediations regarding those defaulted loans.

16 Q. And where is the PennyMac, where is your
17 office with PennyMac?

18 A. The main office is in California. The office
19 that I work out of when I'm not traveling is in Tampa,
20 Florida.

21 Q. Where do you live?

22 A. In Seminole, Florida.

23 Q. That's right, Seminole. Okay. How far is
24 that from Tampa?

1 A. Like 27 miles door-to-door.

2 Q. Is it to the north?

3 A. It is toward the northeast. Are you familiar
4 with Florida?

5 Q. I am. I'm actually going to be in Tampa
6 Sunday.

7 A. I am between St. Petersburg and Clearwater.

8 Q. Okay.

9 A. On the Gulf Coast side.

10 Q. All right. So you're a supervisor of
11 foreclosure operations. Are you one of several
12 supervisors, or are you the only supervisor?

13 A. One of several supervisors.

14 Q. And is that foreclosure operations team or
15 division, is it all located there in the Tampa office?

16 A. No, it is not.

17 Q. So it's several offices around the country?

18 A. There are several offices around the country.
19 The appearance team who does what I do, we are all in
20 Florida, we are not all in Tampa.

21 Q. About how many people are in the appearance
22 team?

23 A. Three are the main appearance team. We can
24 call upon others as needed.

1 Q. And is that, that name, does that come from
2 the fact that part of your job duties are appearing in
3 litigation?

4 A. Correct.

5 Q. Do you have a guess, approximation of how many
6 depositions you've attended in this position?

7 A. A couple dozen.

8 Q. Do you directly supervise the division as part
9 of your job description?

10 A. I do not.

11 Q. All right. What did you do to prepare for
12 this deposition?

13 MR. CROWLEY: I instruct you not to disclose
14 any communication we've had. You can disclose that they
15 took place, not the communications.

16 A. I did review the loan, all the communications,
17 the notes, the payment histories, the collateral file,
18 which is the original note, the mortgage, title, policy,
19 that type of things, all business records that we have
20 imaged and all system, system records.

21 Q. As part of your, I'm jumping back here, but
22 part of your job duties when you worked for the
23 contractor that did foreclosure review for Bank of
24 America, did you review foreclosure practices of Bank of

1 America's relating to Rural Housing Service guaranteed
2 loans?

3 A. I couldn't tell you for sure if any of them
4 were Rural Housing, but they were all of Bank of
5 America's foreclosures. It was part of the independent
6 foreclosure review --

7 Q. Yeah.

8 A. -- if you knew what that was about. I
9 couldn't tell you for sure.

10 Q. And you understand that Ms. Stoler's loan is
11 guaranteed by the U.S. Department of Agriculture Rural
12 Housing Service?

13 A. Yes.

14 Q. And you're familiar with the loss mitigation
15 and foreclosure policies that are attended to that type
16 of loan, guaranteed loan?

17 A. Yes.

18 Q. Did you participate in the preparation of the
19 document production and discovery responses in this
20 case?

21 A. Personally, I did not.

22 Q. Generally speaking -- well, actually, let's
23 just talk specifically about this case. In Ms. Stoler's
24 case, how many employees of PennyMac will be involved in

1 the litigation in addition to yourself?

2 MR. CROWLEY: Object to the form. You can
3 answer.

4 A. How many, I couldn't say how many would
5 actually be involved.

6 Q. Okay. All right.

7 (Deposition Exhibit No. 1 marked for
8 identification.)

9 Q. I'm handing you what's been marked as
10 Deposition Exhibit No. 1. Could you identify this
11 document, please?

12 A. This appears to be our servicing notes.

13 Q. And it indicates that on the front page that
14 this is the communication notes up through January 31st,
15 2018; is that correct?

16 A. That's what it shows, yes.

17 Q. Is there maintained by PennyMac a
18 communication notes history that would include any
19 communication notes from January 31st, 2018, to the
20 present?

21 A. There are notes that show everything from when
22 we took on the servicing through today.

23 Q. And have you reviewed those communication
24 notes, specifically those that exist, if any, between

1 January 31st, 2018, and up to today?

2 A. Yes.

3 MR. POMPONIO: Are those something that is
4 going to be produced or ...?

5 MR. CROWLEY: I'll have to review them. I
6 thought they had been produced. Obviously, if you're
7 saying they're not, I'll take your word for it.

8 MR. POMPONIO: I just didn't see them. I
9 suppose they could have --

10 BY MR. POMPONIO:

11 Q. Did you review the document production prior
12 to the deposition today?

13 A. Are you referring to the 2,000 page --

14 Q. The 1583.

15 A. Yes.

16 Q. Do you recall whether or not you saw any of
17 the communication notes from January 31st up to -- the
18 document production was in April, so I would imagine it
19 would be --

20 A. I do not recall seeing any.

21 MR. CROWLEY: I'll confirm on that and follow-
22 up with you on that.

23 MR. POMPONIO: Okay. And I probably -- it
24 probably won't be necessary to come back and ask any

1 questions about that, but that's some important
2 information that we need for the contacts --

3 MR. CROWLEY: I understand. Let me get that
4 to you. You know, as I said, I'll confirm whether they
5 were in the package or not, and if not, I'll get them to
6 you and we can discuss whether there's any need to do
7 anything at that point.

8 MR. POMPONIO: Okay.

9 BY MR. POMPONIO:

10 Q. With respect to Deposition Exhibit No. 1, is
11 this document intended to contain all notes of
12 communications with a borrower?

13 A. Could you repeat that?

14 Q. Is this Deposition Exhibit 1 intended to
15 contain all notes of all communications that PennyMac
16 has with the borrower?

17 A. Yes.

18 Q. And it includes both written communications,
19 notes of written communications and telephone?

20 A. This does not indicate every written
21 communication.

22 Q. How do they decide what written communications
23 are referenced in this document and which written
24 communications are not?

1 A. This is servicing notes. It is not a letter
2 log. Basically, I mean, they are two different
3 documents. The letters are not necessarily indicated in
4 here unless somebody specifically enters that.

5 Q. And is there any way to discern from this
6 Deposition Exhibit No. 1 who the individual is, employee
7 of PennyMac I presume, that would be entering this
8 information into the history?

9 A. On this document, it does not indicate. On
10 the servicing notes, it does indicate the department,
11 the date, who put it -- and who put it out there.

12 Q. But when you were reviewing that document
13 production, do you recall seeing that, the servicing
14 notes in there?

15 A. I do not.

16 MR. POMPONIO: Let's check on that as well --

17 MR. CROWLEY: Yes.

18 MR. POMPONIO: -- please.

19 MR. CROWLEY: Uh-huh.

20 BY MR. POMPONIO:

21 Q. All right. You can set that aside.

22 (Deposition Exhibit No. 2 marked for
23 identification.)

24 Q. I'm handing you what's been marked as

1 Deposition Exhibit No. 2. Could you identify this,
2 please?

3 A. These three pages are a corporate advance
4 history.

5 Q. Could you explain what a corporate advance
6 history is?

7 A. A corporate advance is any advances that are
8 done on a particular loan that are not escrow
9 disbursements.

10 Q. And it appears to me from this exhibit that
11 all of the corporate advances that are listed here are
12 property inspection fees to Safeguard; is that correct?

13 A. That is correct.

14 Q. If you turn to the second page. The second
15 entry in this log has a transaction amount minus \$36.
16 What is that supposed to represent?

17 A. That would represent funds coming in. The
18 transaction code on the immediate left-hand side shows
19 745, so that tells me that is funds coming in or a
20 credit being made.

21 Q. And so where would those funds come from,
22 would they come from the borrower payments?

23 A. You would need to refer to the payment history
24 in order to find out if it was part of a payment coming

1 in or how those funds came to be.

2 Q. And do you know under what circumstances
3 Ms. Stoler would be required to pay these corporate
4 advances that are listed on Deposition Exhibit 2?

5 A. On what circumstances?

6 Q. Under what circumstances, right.

7 A. I'm not sure I know what you mean.

8 Q. Do you know how it would come to be that
9 Ms. Stoler would have to pay these charges that are
10 listed on this exhibit?

11 A. I'm still not clear.

12 MR. CROWLEY: Are you asking why they were
13 charged to the account?

14 Q. I'm asking if she paid them and under, and how
15 would that, how would they be collected from her, that
16 kind of thing.

17 A. They would be included in a payoff. These are
18 property inspections that, as per the mortgage, that we
19 are permitted to charge and to actually make a physical
20 inspection, and it also is an investor requirement that,
21 once a loan is in default, that a monthly property
22 inspection be completed.

23 Q. Does PennyMac maintain those invoices from
24 Safeguard wherein these charges appear?

1 A. Yes.

2 Q. So your testimony is that these charges are
3 recoverable from Ms. Stoler; correct?

4 A. Correct.

5 Q. And do you know, having reviewed this file,
6 whether she, in fact, paid some of these charges?

7 A. Without actually reviewing the history on the
8 particular dates that you pointed out, I cannot tell
9 where those funds came from. So, you know, without
10 looking at the payment history, I couldn't tell you.

11 Q. But you did review the payment history prior
12 to this --

13 A. Yes.

14 Q. -- correct? But you just, you don't recall --

15 A. Well, I didn't zoom in on that date.

16 Q. Right, right. Are these charges recoverable
17 from the investor, as well?

18 A. It certainly would depend on the circumstances
19 and disposition of this loan.

20 Q. So in certain circumstances they would be;
21 correct?

22 A. Correct.

23 Q. Do you know whether PennyMac has sought to
24 recover any advances or reimbursement or anything with

1 respect to Ms. Stoler's loan from the investor?

2 A. Any such claim or request for advances would
3 take place after the disposition of this loan. Right
4 now it's still an active loan, so there wouldn't have
5 been.

6 (Deposition Exhibit No. 3 marked for
7 identification.)

8 Q. Okay. All right. I'll hand you what's been
9 marked as Deposition Exhibit No. 3. Can you identify
10 this document, please?

11 A. This is correspondence sent December 21st,
12 2017, discussing that the borrower had contacted our
13 office to start a loss mitigation or a modification
14 application.

15 Q. And it invites Ms. Stoler to provide certain
16 information so that the application may be reviewed; is
17 that correct?

18 A. That is correct.

19 Q. And that information is included in sort of
20 the center of the page there, those bullet points?

21 A. That's correct.

22 Q. And is it your understanding that the forms
23 that are necessary for Ms. Stoler to provide the
24 information that PennyMac requests are included in this

1 packet? I mean, I don't have — the exhibit doesn't
2 have it, but generally speaking, would those enclosures
3 come with this letter?

4 A. Generally speaking, yes.

5 Q. And at the top right, it says that Ms. Stoler
6 is directed to respond to this by January 20th, 2018; is
7 that correct?

8 A. That's correct.

9 Q. Where does that time frame come from, that
10 deadline to respond to this sort of welcome letter, is
11 that what you call, would call this, or what would you
12 call this letter?

13 A. Loss mitigation letter. And the time, the
14 date would have come from 30 days out. Thirty days
15 would have been given.

16 Q. Now, you're familiar with the Rural Housing
17 Service loss mitigation foreclosure policies; correct?

18 A. Correct.

19 Q. And is it your understanding that there's a
20 policy that a loan modification, loss mitigation request
21 cannot be reviewed by PennyMac if it's less than 37 days
22 prior to the foreclosure sale date?

23 A. That is correct.

24 Q. And what is the date that a loss mitigation

1 request is considered made by a borrower? You know,
2 what is -- you know, this loss mitigation letter is
3 referencing a previous telephone communication, right,
4 in which Ms. Stoler has requested loss mitigation; is
5 that right?

6 A. That's what it appears, yes.

7 Q. And so she called in sometime prior to
8 December 21st requesting loss mitigation assistance.
9 What I'm trying to figure out is when is that -- with
10 respect to that 37 days, when did they consider the
11 request having been made? Do you follow me?

12 A. I don't.

13 Q. You can't review loss mitigation requests
14 prior, 37 days or less prior to the sale. What is
15 considered the request for loss mitigation?

16 A. In this particular case, the borrower called
17 in and indicated that she would like to explore her
18 options as far as loss mitigation, or loan modification.
19 That was December -- prior to December 21st, we
20 acknowledged with a letter. It does state below here
21 that, you know, the -- it does discuss the 37 days prior
22 to the scheduled sale date. At this point when this
23 letter was originated, there was no sale date yet.

24 Q. So back to my question, which I'm not asking

1 very artfully, but is it the completed application that
2 they can't review, you know, after the 37-days deadline?
3 Is that what --

4 I mean, what I'm getting at here is sometime
5 in December, before December 21st, she called and made a
6 request, then PennyMac sent out this loss mitigation
7 letter. This is all prior to the foreclosure sale. And
8 so is it not the case that her loss mitigation request
9 came in prior to that 37 days?

10 MR. CROWLEY: Objection to form. You may
11 answer.

12 A. Well, again, in this particular case, the sale
13 had, was not out there, so there wouldn't have been any
14 flags on that date that said that we couldn't follow-up
15 for the additional information that is needed in order
16 to obtain a complete package. And then once we receive
17 the complete package, then it needs to be reviewed from
18 that point.

19 Q. You are aware, are you not, that Ms. Stoler
20 filed an application pursuant to this letter in January
21 8th, I think, was the date, and that was ultimately
22 denied because it was, the request was made within 37
23 days of the sale?

24 A. Are you talking about January 2018?

1 Q. That's correct.

2 A. Yes, I am aware of that correspondence.

3 Q. And so I'm trying to understand, was the
4 request not made actually prior to the 37 days or do
5 they not consider it a request until they have a
6 completed application?

7 A. Once -- if even if the borrower were to
8 request the paperwork to start the loan modification
9 request or the package, even if she had requested it
10 prior and then sent the information in, it would have
11 been within the 37 days at that point.

12 This one in particular, this December 21st, we
13 didn't know there was a foreclosure sale set, so at that
14 point we were thinking we were going to have the time to
15 gather all the information, review it, and make a
16 decision. But it turns out that the sale was set and,
17 therefore, this could not happen.

18 Q. Is there any policy in the RHS procedure
19 manual, guidance, whatever, that speaks to setting a
20 foreclosure sale after a request has been made for loss
21 mitigation?

22 A. I thought he was going to speak.

23 The guidelines state that once there is a
24 completed package, that's when there would be a

1 decision. The waterfall would be completed, the
2 decision would be made. The policy states that if we
3 have all the documents in prior, that we could certainly
4 look at it if it wasn't within that 37 days. Is that
5 what you're asking me?

6 Q. No, I'm asking you --

7 A. Okay.

8 Q. -- is there any policy relating to whether or
9 not PennyMac should set a foreclosure sale after a
10 request for loss mitigation is received?

11 A. No. The guidelines state that the loss
12 mitigation, the foreclosure sale date will continue and
13 the foreclosure process continues. Unless we have a
14 completed package and it's been reviewed and it has been
15 determined that we're going to modify, then everything
16 is put on hold. But if there's not a completed package
17 and a review that states that the borrower qualifies,
18 there would be no reason to stop the foreclosure process
19 at that point.

20 Q. So your testimony is, is that the RHS loss
21 mitigation policies provide that you dual track while
22 there's a loss mitigation review and the foreclosure's
23 only stopped when, when the borrower's approved for?

24 MR. CROWLEY: Objection, that's not what was

1 said.

2 A. No, when a complete package is in and is
3 reviewed and determined that there is --

4 Q. So that's --

5 A. -- a possibility.

6 Q. So my characterization is correct?

7 A. Could you repeat your characterization then?

8 Q. It's the RHS policy that, that the loss
9 mitigation and the foreclosure dual track until such
10 time as a borrower is approved for some loss mitigation?

11 A. When a complete package is in.

12 Q. Okay. All right. Are you generally familiar
13 with sort of the history of Ms. Stoler's account?

14 A. I am.

15 Q. And is it fair to say that, that she had some,
16 well, that she was married when she first entered into
17 this loan, is that your understanding?

18 A. It was.

19 Q. And she was subsequently divorced during the
20 time that PennyMac was servicing this loan. And
21 Ms. Stoler initially, in 2016, made a request for loss
22 mitigation in which she referenced a change in income
23 due to her divorce; is that correct?

24 A. Yes.

1 Q. And was it your understanding that that, that
2 request was denied?

3 A. Yes.

4 Q. And what was the reason why that request was
5 denied?

6 A. Without having that correspondence in front of
7 me --

8 Q. It doesn't matter. If you don't recall --
9 it's just background. It's not -- I'm not -- that's not
10 a big part of what I'm trying to figure out.

11 And so after that, after that denial, she had
12 some different changes in her income unrelated to the
13 divorce, is that your understanding?

14 A. It is.

15 Q. And so she was ultimately approved for a
16 forbearance attended to her unemployment; correct?

17 A. Correct.

18 Q. Now, what's your understanding of the purpose
19 of a forbearance?

20 A. This particular forbearance was to help with
21 the payments during the unemployment, during the time
22 that she is unemployed, and then she is to keep in
23 touch, let us know when she does obtain employment, and
24 then, you know, things could be reevaluated to see, you

1 know, what else can be done.

2 Q. And so the term "forbearance " means that
3 PennyMac is going to not foreclose, forbear from
4 enforcing, accelerating, and foreclosing during that
5 period; correct?

6 A. Correct.

7 Q. And the reason that that program is selected
8 is because Ms. Stoler didn't have the income to make her
9 payments; is that correct?

10 A. Correct.

11 Q. Now, are there different terms to forbearance
12 agreements in a RHS guaranteed loan program?

13 A. There are a couple of different terms.

14 Q. What are those different terms?

15 A. Payment plan, forbearance plan.

16 Q. I'm sorry.

17 A. Okay.

18 Q. What I meant was, in terms of duration, length
19 of the forbearance, are there different -- Ms. Stoler
20 got six months. Is there a year, is there three months,
21 is there different lengths of forbearance?

22 A. There are different lengths. There are
23 shorter lengths of period of time. It is determined on
24 the need. That was why it was important to stay in

1 contact, to let us know when she obtained employment.

2 Q. And does PennyMac generally communicate to
3 their borrowers that they should communicate, you know,
4 contact PennyMac when they have found employment? Is
5 that something that's made, a point that's important?

6 A. Yes.

7 Q. And when PennyMac offered the forbearance to
8 Ms. Stoler, they obviously understood that she was
9 receiving unemployment income; correct?

10 A. Yes, yes.

11 Q. And is the payment amount that, that was
12 provided in that agreement based on her unemployment
13 income?

14 A. It was based on many factors. Again, there is
15 a forbearance waterfall. Rural Housing has a specific
16 waterfall that is to be adhered to.

17 Q. What other factors, in addition to the income,
18 go into, expenses, household expenses, stuff like that?

19 A. Yes.

20 Q. With respect to the duration of the
21 forbearance -- in this case, in Ms. Stoler's case it was
22 six months -- what factors go into how PennyMac decides
23 what the length of that forbearance ought to be?

24 A. Again, it is based on RHS and their waterfall

1 and their recommendations, so it is their decision on
2 the duration.

3 Q. So tell me a little bit more about that. When
4 a borrower -- well, when PennyMac receives a completed
5 application for loss mitigation, the ultimate -- well,
6 who makes the decision on what, or if any, loss
7 mitigation that borrower is approved for, who makes that
8 decision? And in this case, Ms. Stoler got a
9 forbearance agreement. Who made that decision that this
10 is the forbearance agreement that she's approved for?

11 A. That would be the Rural Housing and their
12 specifications.

13 Q. So there's an employee of Rural Housing
14 Service that approves these?

15 A. No, PennyMac is the servicer, but they adhere
16 to all the investor guidelines and RHS guidelines.

17 Q. So the decision's made by PennyMac based on
18 guidelines promulgated by Rural Housing Service?

19 A. Yes.

20 Q. And do you have a computer program or
21 something to plug all this information in and then it
22 gives you the alternatives that the borrower is eligible
23 for?

24 A. Yes, that's the waterfall that we're

1 discussing.

2 Q. And that waterfall, what is the --
3 logistically speaking, is it some software that is on
4 the computer that the PennyMac employee accesses? How
5 do they ...?

6 A. That would be it.

7 Q. Do you know the name of that software program?

8 A. I do not.

9 Q. Have you ever interfaced with that, entered
10 information?

11 A. Not for PennyMac, no.

12 Q. For anybody?

13 A. Yes.

14 Q. And this would be the Rural Housing Service?

15 A. Not necessarily.

16 Q. Now, is the Rural Housing Service waterfall
17 proprietary to Rural Housing Service, is that a special
18 software that you use?

19 MR. CROWLEY: Objection to form. You can
20 answer.

21 A. Are you asking if it is a particular software
22 that is only for Rural Housing?

23 Q. Correct.

24 A. No.

1 Q. Okay. All right. Now, in this case the
2 forbearance was approved for six months. That was what
3 the length of it was; correct?

4 A. Correct.

5 Q. And was there any consideration in that length
6 of forbearance, the time in which Ms. Stoler was
7 expected to continue to receive unemployment benefits?

8 A. Could you rephrase that?

9 Q. Did PennyMac consider in setting up this
10 forbearance agreement the fact that Ms. Stoler's
11 unemployment benefits would end four months into the
12 forbearance agreement?

13 A. I couldn't answer that.

14 Q. Do you know whether or not the length of time
15 that a borrower is anticipating receiving unemployment
16 benefits factors into the forbearance agreements, those
17 at least forbearance that are due to unemployment
18 agreements, at all?

19 A. I'm not sure what you're asking in particular.
20 Could you be more specific?

21 Q. Does the waterfall take into consideration how
22 long the borrower is going to receive unemployment
23 benefits?

24 A. I couldn't answer that.

1 Q. How would this forbearance agreement have
2 worked had Ms. Stoler been able to make all six
3 payments? What would happen at the end of that period?

4 A. At the end of that period, it would have
5 also — we would have had to know if she got a job, and
6 that information would have to, then, be considered for
7 a permanent modification if she qualified for such.

8 Q. So what's anticipated here in this instance of
9 Ms. Stoler's forbearance agreement is, is that at the
10 end of the forbearance period, assuming she made all the
11 payments, she would be considered for a loan
12 modification?

13 A. As long as she qualified.

14 Q. Right.

15 A. Yes.

16 Q. She'd be considered for it. I'm not saying
17 that she would be entitled to it, but she would, that's
18 what they contemplate.

19 A. Correct.

20 Q. And would you expect that that, that that
21 process and that expectation would have been
22 communicated to Ms. Stoler at the time that this was
23 offered?

24 MR. CROWLEY: Are you asking if she knows

1 whether it was? I'm going to object to the form.

2 A. Is that what you're asking, if I knew?

3 Q. No, I'm asking you if that expectation that
4 the -- whether it by practice and policy at PennyMac, is
5 that information communicated to the borrower, in this
6 case Ms. Stoler?

7 A. Her options would have been, yes, would have
8 been disclosed.

9 Q. I'm going to hand you a copy of what was
10 marked Deposition Exhibit No. 6 in Ms. Stoler's
11 deposition this morning. And this is the
12 memorialization of the forbearance agreement for which
13 she was qualified, approved; correct?

14 A. It is a letter outlining the forbearance time
15 frames.

16 Q. And at the bottom of the -- towards the bottom
17 there's a box. There's two boxes. The second to the
18 last box, it states in there about what the expectations
19 are at the conclusion of the forbearance agreement; is
20 that correct?

21 A. It does.

22 Q. It doesn't say anything about a loan
23 modification application or anything like that, does it?

24 A. It does not.

1 Q. Would it be the case that, if Ms. Stoler had
2 completed this, all the payments in this forbearance
3 agreement, that at the conclusion of it in January 2018
4 she would resume making her regular monthly payment?

5 A. That's what is stated here, yes.

6 Q. But is that, indeed, what is expected to
7 happen?

8 A. This is a forbearance plan. The forbearance
9 plan is not based on any loss mitigation package that
10 would have been sent in. The forbearance plan is based
11 solely on the hardship and the unemployment. So there
12 wasn't a package completed in order to have been given
13 the forbearance. Does that make sense?

14 Q. Do you recall, having reviewed the documents
15 in preparation for this deposition, that Ms. Stoler sent
16 in a loss mitigation packet in June of 2017 in which she
17 was requesting a loan modification and she got the
18 forbearance agreement, correct, isn't that your
19 recollection of the events?

20 A. My recollection is that the mod was denied,
21 and I do not recall the reason. This forbearance plan
22 is based on the -- it's not based on a loan modification
23 package that was approved. It is based on the
24 unemployment and the, you know, the fact that at the end

1 of this she would resume her normal payments or she
2 could, at her option, if she qualified, send in a
3 package, and if she qualified, it could have been
4 modified.

5 Q. So if she had made -- I just want to
6 understand this. If she had made all six of these
7 payments timely, then starting in January her loan would
8 be current and she would just start making payments?

9 A. She wasn't making full payments here.

10 Q. Correct.

11 A. These were only partial payments.

12 Q. And she had an arrearage, as well; correct?

13 A. Correct.

14 Q. So would she have, in January, started making
15 her regular monthly payments?

16 A. If she was able to.

17 Q. So would the loan have been brought current at
18 that time or what -- I don't understand what happens
19 there. It seems to me like that disclosure is
20 applicable to a forbearance agreement that is more like
21 a repayment plan in which the arrearage would be cured
22 at the conclusion of the forbearance agreement. Isn't
23 that -- is that your understanding?

24 A. Well, that is not what's stated here at all.

1 Q. In your experience as a supervisor of
2 foreclosure operations, are you familiar with any case
3 in which PennyMac offered a forbearance unemployment
4 agreement that was, where the payment amount was not
5 sufficient to cure the arrearage, it's not a repayment
6 plan, and that at the conclusion of that they just
7 brought the loan current and allowed the borrower to
8 start making their monthly payments?

9 A. That would be a different type of plan.
10 That's not just forbearing for a period of six months
11 until she has a job and then she can bring the loan
12 current.

13 Q. Okay.

14 A. Which is what this appears to be, that it was
15 a forbearance to help her get back on her feet, get her
16 a -- once she obtains a position, a full-time paying
17 position, then, of course, she could then, she always
18 has the option to, you know, request a modification at
19 that point. This is not that. This is clearly nothing
20 more than forbearing while she is unemployed, because
21 the payments, they were only half payments, they weren't
22 even half of a payment there.

23 Q. Right, right. Okay. Does PennyMac record
24 their phone calls with borrowers?

1 A. Yes.

2 Q. And do they maintain those?

3 A. Yes.

4 Q. How long do they hold on to those, do you
5 know?

6 A. I couldn't answer how long.

7 Q. Does RHS, the Rural Housing Service, ever
8 conduct audits of PennyMac's servicing of RHS guaranteed
9 loans?

10 A. Yes.

11 Q. Are you familiar with the last time they were,
12 there was such an audit?

13 A. No, I'm not.

14 Q. Do you know what, what that type of audit
15 would entail?

16 MR. CROWLEY: I'm going to object. This is
17 beyond the scope the 30(b)(6). To the extent the
18 witness testifies, she's testifying from personal
19 knowledge, not as a designated ... But you may answer,
20 if you can.

21 A. I don't know what their audit would entail.

22 Q. Do you know if PennyMac or the investor or
23 anybody conducts sort of a foreclosure review similar to
24 the type of foreclosure you did for the independent

1 foreclosure review of PennyMac's RHS guaranteed loans?

2 MR. CROWLEY: Same objection. You may answer.

3 A. I do know that reports, monthly reports would
4 go to every one of the RHS or FHA or VA, that type of
5 thing. There are monthly reports that are sent to them
6 on each loan.

7 Q. Is that the extent of it, to your knowledge,
8 of any foreclosure review of PennyMac RHS, servicing of
9 RHS guaranteed loans?

10 A. For RHS reviewing them, yes, that's the only
11 thing that I would know.

12 Q. Is there any reason why Ms. Stoler could not
13 be considered for a, some loss mitigation or loan
14 modification currently?

15 A. There's no reason why she couldn't, no.

16 Q. I think that's all I have.

17 MR. CROWLEY: I have just a couple follow-up.

18 EXAMINATION

19 BY MR. CROWLEY:

20 Q. With regard to the discussions about the RHS
21 waterfall, the software package that you discussed, to
22 your understanding, does that software package
23 incorporate RHS requirements?

24 A. It is a program that does, yeah, incorporate

1 RHS requirements.

2 Q. And is it, then, PennyMac's role to input the
3 data provided by the borrower?

4 A. That is correct.

5 Q. And does the program then advise PennyMac as
6 to what options the borrower's eligible for under the
7 RHS program?

8 A. It does. Inputting the information then
9 creates the waterfall, which then tells you what the
10 options are for that particular borrower with that
11 particular income and so forth.

12 Q. Under the RHS regulations, does PennyMac have
13 the ability to change the decisions made by that
14 waterfall?

15 A. No.

16 Q. With regard to the discussions earlier about
17 complete packages and double tracking and stuff like
18 that, at the time that this — I forget — which exhibit
19 was this? This is the December 21st, 2017. Was that
20 Exhibit 1?

21 MR. POMPONIO: 3.

22 MR. CROWLEY: Exhibit 3, okay.

23 BY MR. CROWLEY:

24 Q. At the time that Exhibit 3 was issued on

1 December 21st, 2017, is it your understanding that all
2 that occurred at that point was that there was a
3 telephonic request for a loan mod?

4 A. Yes.

5 Q. Is the telephone, a telephonic request for a
6 loan mod considered a complete application?

7 A. Oh, no.

8 Q. Is it considered an application?

9 A. It is not.

10 Q. When after the date of December 21st, 2017, is
11 your understanding based on the records of when a
12 complete application finally was submitted?

13 A. I don't recall seeing a complete application
14 letter.

15 Q. Okay.

16 A. So I don't recall -- or I couldn't say if a
17 complete package was even received.

18 Q. Well, let me rephrase it a different way,
19 then.

20 A. Okay.

21 Q. Counsel earlier referred to an application
22 that was sent or received on January 8th of 2018. Do
23 you recall that?

24 A. Yes.

1 Q. Is it your understanding that that was the
2 first time after this letter of December 21st, 2017,
3 that PennyMac actually received a written application
4 from Ms. Stoler, regardless of whether it was complete?

5 A. That's correct.

6 Q. Is it your understanding that it is the
7 complete application that triggers the stop on any
8 further foreclosure activity?

9 A. Yes.

10 Q. Okay. Thank you. I have nothing further.

11 EXAMINATION

12 BY MR. POMPONIO:

13 Q. I just have a couple more questions. First is
14 that last response you provided. My understanding was
15 that you stated in earlier testimony that a foreclosure
16 is not stopped upon receipt of a completed application
17 but rather only if that application is approved for some
18 sort of loss mitigation that would require the
19 foreclosure to be taken off. Wasn't that your
20 testimony?

21 A. The moving forward with a foreclosure, that
22 part is stopped on a completed application. The
23 foreclosure, setting a foreclosure sale, that part is
24 stopped once they are approved.

1 Q. I don't understand. What is stopped upon
2 receipt of a completed application?

3 A. A completed application, the foreclosure.

4 Q. When you say -- what do you mean?

5 A. A completed application, which means we've got
6 everything in that we need in order to complete the
7 waterfall so a determination can be made. We put the
8 foreclosure on hold at that point. Now, if a sale is
9 already set, then the foreclosure sale itself -- I mean,
10 maybe that's what we, we differed on.

11 Q. So if a completed application is received and
12 there is a foreclosure sale set, that stays until the
13 borrower's approved; is that correct? What in the
14 foreclosure is stopped?

15 A. See, it's all -- the timing here, that's why
16 they don't accept it within the 37 days prior to
17 foreclosure sale. Not just -- if it's just in general
18 foreclosure and no sale has been set, a completed
19 application, we would ask the foreclosure to be put on
20 hold, okay? Not a closing bill, but a hold until we see
21 what the outcome is. If there's already a sale set,
22 that's when that 37 days, you know, kicks in.

23 Q. Are you familiar with the loss mitigation
24 program referred to as partial claim?

1 A. Yes.

2 Q. Is a partial claim type of program available
3 in a RHS guaranteed loan?

4 A. I would have to check on that. You're talking
5 about a partial claim where RHS either forgives a
6 portion of debt or in some cases create a note, a
7 separate note for the arrearages so that they start out
8 clean and fresh. Is that what you're referring to?

9 Q. Right. Basically take the arrearage and you
10 either forgive all or some of it and the rest is put in
11 a second note, deed of trust and --

12 A. I would have to check to see if RHS would
13 offer that option.

14 Q. That's all I have.

15 MR. CROWLEY: Okay. I have nothing further.

16 (The deposition of KAREN SCOTT concluded
17 at 2:40 p.m.)

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1 STATE OF WEST VIRGINIA, To-wit:

2 I, Lisa M. Short, a Notary Public and
3 Certified Court Reporter within and for the State
4 aforesaid, duly commissioned and qualified, do hereby
5 certify that the deposition of KAREN SCOTT was duly
6 taken by me and before me at the time and place
7 specified in the caption hereof.

8 I certify that the attached transcript meets
9 the requirements set forth within Article 27, Chapter 47
10 of the West Virginia code.

11 I do further certify that said proceedings
12 were correctly taken by me in stenotype notes, that the
13 same were accurately transcribed out in full and true
14 record of the testimony given by said witness.

15 I further certify that I am neither attorney
16 or counsel for, nor related to or employed by, any of
17 the parties to the action in which these proceedings
18 were had, and further I am not a relative or employee of
19 any attorney or counsel employed by the parties hereto
20 or financially interested in the action.

21 My commission expires the 8th day of September
22 2023.

23 Given under my hand and seal this 7th day of August
24 2019.

Lisa M. Short, CCR
Notary Public